CHAPTER 4

Luxury Brand Outsiders: Understanding the Success of British and American Luxury Brands

Stephen A. Doyle and Christopher M. Moore

1 Introduction

British and, to a lesser extent, American luxury brands have played an important, if somewhat marginal, role in the international luxury fashion and accessories sector for some considerable time. Often these brands are long-established leaders in their field and their excellence readily acknowledged, for example Burberry was established in 1856, while Tiffany & Co. was founded even earlier, in 1837. Despite the long history of luxury brands such as these, it is certainly the case that consideration of the trading features and characteristics of British and American brands has largely been absent from the literature. Instead, the focus has been principally confined to the history and market development of French luxury brands, the reason for which is explored in more depth below.

S.A. Doyle (✉)
School of Materials, University of Manchester, Manchester, UK

C.M. Moore
British School of Fashion, GCU London, London, UK

P.-Y. Donzé, R. Fujioka (eds.), *Global Luxury*,
DOI 10.1007/978-981-10-5236-1_4

However, it is not the lack of researcher attention with respect to British and American brands that is the principal motivation for their consideration in this chapter (although we would acknowledge the value in their gaining deeper researcher attention). We would much rather argue that British and American luxury fashion and accessory brands are definitively different, by virtue of their origins, their ownership characteristics and their function. These brands are also fundamentally different in terms of how they define and approach the development of a luxury company.

Perhaps most significantly, we would argue that there is a new force of business innovation and growth within the British and American luxury sector that outpaces the numbers being created in other important luxury markets. This has resulted in the emergence of a new generation of luxury fashion and accessories brands that represent a new view of the purpose and scope of luxury which in turn serves to further strengthen and deepen the difference between British and American luxury fashion brands in general from those luxury fashion brands that emanate from Italy and France, in particular.

In order to begin a debate with respect to the value of considering luxury brands on the basis of their place or origin and principal trading activity (in this case Britain and the USA), as well as to provide an opportunity for an exploration of understanding with respect to emergent generation of luxury fashion brands, this chapter will not be focused upon the provisions of new theoretical reflections or indeed, a new conceptual development. Instead, it will follow the tradition of business history research that instead intends to stimulate and support research interest in an area by identifying and exploring defining features and differentiating characteristics. As such, the aim of this chapter will be to identify the defining features and differentiating characteristics of luxury and fashion brands from Britain and the USA.

2 Starting First from Paris

Even the most perfunctory review of the literature on luxury fashion businesses soon identifies that the majority of studies and brand cases that have been written are focused upon French companies. This apparent researcher preoccupation with French firms is understandable and perhaps inevitable given that France dominates the landscape of luxury fashion and accessories, in terms of both market share and the breadth of international market participation (Deloitte 2014). While there are many "soft power" factors that may explain the dominance of France within the luxury fashion sector (such as those related to culture, the haute couture tradition and even that of national identity), other, "hard power" forces more readily explain the successful expansion and the ever-deepening control by the French in the sector. The most important of these forces is undeniably that which emerges as a result of the financial strength (which is consolidated and enhanced) by the aggressive brand acquisition strategies of the world's two leading luxury brand conglomerates—namely LVMH and Kering (Doyle and Moore 2015). Between them, the two French-family owned, and Paris-based luxury brand groups own 24 of the world's leading luxury fashion and accessories brands. (This figure does not include the watches and jewellery brands that each group owns and controls).

An important consequence of the brand consolidation strategies adopted by both LVMH and Kering has been the reduction in the market significance of other previously pre-eminent countries in this sector—most significant of which is Italy. It is also acknowledged here that both conglomerates were active in acquiring leading British luxury brands over the past twenty years—such as Stella McCartney and Alexander McQueen. Both of these brands were initially acquired by the Gucci Group and are now part of the Kering group. Likewise, the British shirt-maker brand, Thomas Pink, and the British luxury footwear designer, Nicholas Kirkwood, have both been acquired by LVMH.

With the assimilation of many important and quintessentially Italian luxury brands, most notably Gucci, Fendi, Pucci and Loro Piana, into French conglomerate control (e.g. Kering), Italian direct ownership of luxury fashion and accessory brands has diminished in the past two decades. While the Italian-owned Prada, Dolce & Gabbana and Armani businesses do still retain a degree of creative and economic influence and importance within the category, none has the scale to match the collective strength of the French conglomerates or the "first in class" positioning of the family-controlled and French-owned luxury fashion and accessory houses of Chanel and Hermes.

While acknowledging the pre-eminence (and, to some extent, the justification) of the focus upon French-owned companies by previous researchers, it is not the purpose of this chapter to add to that armory. Instead, the focus here will be upon the American and British luxury fashion sectors. But before shifting attention, there is value in considering the work of Djelic and Ainamo (1999). In their account of the future direction of organizational structure evolvement in the luxury business sector, they suggested that the craft-based, narrow-client couture based model of the typical French luxury house would continue to give way to a broadening of product and market participation through either the creation of an "outsourcing strategy" or from the adoption of what they describe as "an umbrella holding".

As the term implies, outsourcing involves the disaggregation of what were (or could be) internal processes to external partners (Gilley and Rasheed 2000) with a view to exploiting the power of the brand derived from the opportunities of an enhance product scope and scale. As a prediction, it could be argued that Djelic and Ainamo's assertion about the future relevance and prevalence of outsourcing within the French luxury sector was inevitably going to be of limited value. By the time of publication of their work in 1999, brands such as Dior had been already outsourcing their perfume, accessories and some ready-to-wear ranges for many years. Indeed others, such as Pierre Cardin, had been outsourcing for so long, and to such an extent, that they were prohibited from using the luxury term by France's lead luxury body, the Chambre Syndicale de la Haute Couture.

However, their view of outsourcing does have significant predictive value for two reasons. Firstly, it highlighted the importance for French luxury firms to extend the scale and scope of their brand and merchandising strategies in order to maximize market opportunity and so secure significant income growth. Secondly, it emphasized the importance of controlling the outsourcing process so as to maintain and protect the integrity and value of the luxury brand. For what their work does foretell is that French luxury brands would pioneer the development of intra-group outsourcing achieved through the protective environment of the luxury brand conglomerate.

In many respects the identification of the opportunities and challenges of outsourcing within the luxury sector provides a vital clue to understanding the importance of the "umbrella holding" structure that was recognized as a distinctive and (predicted to become an even more defining feature) of and within the French luxury sector. Expressed simply, the "umbrella holding" structure is concerned with developing a diversified range that results in the extension of market coverage, but at the same time provides the benefit of management control delivered from a single brand perspective. Within the context of explaining and evaluating the strategic value of conglomerate formation in the nascent LVMH, Djelic and Ainamo predicted that the most important outcome would be development of a new, internally flexible network. This network would progress to rationalize inputs and maximize the values of outputs in such areas as marketing, distribution and production within multi-brand luxury conglomerates.

Subsequent work by Moore and Birtwistle (2006) which examined the function and value-creating activity of luxury brand conglomerates through the lens of the Goold, Campbell and Alexander (1995) Parent Advantage Model, clearly demonstrates the shift towards the internalization of "outsourcing" to within conglomerate groups. In these studies, which focused upon brands within the Kering Group, there was extensive evidence of resource, specialist expertise and leadership skills pooling between and among brands. Perhaps, most significantly, there was a widespread abandonment of third part license agreements in areas such as product development, marketing and distribution, in favour of internal agreements to facilitate cross brand product development, raw materials selection and production support.

Mindful of the extent of French-ownership control and dominance within the luxury fashion and accessories sector, it is reasonable to propose that the prevalent features of this particular grouping inevitably represent at least one strand of approach to business organization and management within the sector.

Having compiled an in-depth case-study database of the business characteristics and trading strategies of the leading 29 French luxury fashion and accessory businesses (Table 4.1), we have identified a number of common features which represent a prioritization in terms of resource allocation. This database was developed from a variety of sources including the annual reports of leading French luxury groups, company press releases, corporate websites and information about luxury brands that are members of Le Comite Colbert. In addition, other publically available resources were included, such as from industry analyst reports and business information databases.

Three particular features appear definitive at the present time. Firstly, while many of these businesses may now offer a diffused range across a number of product categories, their tendency is to operate only as a single brand. The development of separate diffusion brands is avoided.

Secondly, external, third party involvement in activities such as brand and product licensing is restricted to specialist areas only (such as perfumes, cosmetics and sunglasses) and is done in collaboration with recognized external specialists. And as was identified earlier, those brands that operate within a conglomerate are likely to draw, wherever possible, upon intra-group resources to source these specialist product requirements.

Thirdly, and perhaps most defining of all, French luxury fashion and accessory brands appear committed to retailing as their principal distribution channel. Their online participation excludes the sales of their runway,

Table 4.1 French-owned luxury brand database

Brand name	*Name of conglomerate (if appropriate)*	*Fashion*	*Accessories*
Louis Vuitton	LVMH	Yes	Yes
Fendi	LVMH	Yes	Yes
Bulgari	LVMH		Yes
Loro Piana	LVMH	Yes	Yes
Emilio Pucci	LVMH	Yes	Yes
Donna Karan	LVMH owned at time of the study	Yes	Yes
Loewe	LVMH	Yes	Yes
Marc Jacobs	LVMH	Yes	Yes
Celine	LVMH	Yes	Yes
Berluti	LVMH	Yes	Yes
Christian Dior	LVMH	Yes	Yes
Givenchy	LVMH	Yes	Yes
Kenzo	LVMH	Yes	Yes
Moynat	LVMH		Yes
Rimowa	LVMH		Yes
Edun	LVMH	Yes	Yes
Thomas Pink	LVMH	Yes	Yes
Chanel	Chanel	Yes	Yes
Gucci	Kering	Yes	Yes
Bottega Veneta	Kering	Yes	Yes
Saint Laurent	Kering	Yes	Yes
Balenciaga	Kering	Yes	Yes
Brioni	Kering	Yes	Yes
Hermès	Hermès	Yes	Yes
John Lobb	Hermès		Yes
Christian Dior Couture	Christian Dior	Yes	Yes
Longchamps	Longchamps SAS		Yes
La Pliage	Longchamps SAS		Yes
Lanvin		Yes	Yes

iconic or exclusive ranges and is instead restricted to their cheaper, entry-level, high-volume products.

By focusing upon the typical features of French luxury fashion and accessories brands, we have sought to delineate some of the established and expected features of brands that operate within this sector of the luxury market. This therefore provides us with a context for considering whether and how luxury fashion brands from America and Britain may be distinctive and different.

3 The Transatlantic Bond

America and Britain share a long connection that is both based upon, and supported by a shared history, a common language and shared bonds derived from similarities in religion, culture and their respective legal systems. Notwithstanding the other dimensions that link the two nations, it is important to note the significance of America and the UK in terms of their consumption of luxury goods, as well as their mutual economic connectedness at this point.

With respect to luxury good consumption, both America and the UK are important markets. Bain and Company (2016), in their reporting of the 2015 global rankings for luxury goods consumption identified that America, followed by Japan, China, Italy, France and UK were the six top countries as measured by total consumer spend. Two other important features about America and the UK were highlighted in the Bain report. Firstly, with a consumer spend of €78.6 billion, in 2015, the American market outperformed the combined totals of Japan, China, Italy and France all together by €6.1 billion. Secondly, in terms of year-on-year growth in the period 2014–15, America had the highest growth rate of 20%, followed by China with 17% and the UK with 16%.

The Walpole 2016 report on The Americas, identified that America and Britain share the world's largest FDI relationship, which is valued at over $1.1 trillion. Furthermore, the report recognizes that America is Britain's largest export market and is valued at $65 billion, while in Europe, the UK is America's largest export market and is worth $55 billion. In addition, Walpole (2015) indicates that almost a quarter of UK luxury production is consumed domestically, the remainder destined for international markets while Forbes (2016) highlights the increasing importance of a domestic market focus and economic insularity as a result of the 2016 USA's Presidential Elections in a market that already represents a key aspect of, for example, Ralph Lauren's global activities (Ralph Lauren Corporation 2016).

Given the global importance of the American and British markets in terms of their share of luxury goods consumption and the recent exceptional consumption growth rates that each market has been able to produce, it would be reasonable to expect that luxury brands from America and Britain would be favourably represented in the academic literature. However, based upon our extensive review of the luxury business literature, derived from a variety of online academic database sources (including Proquest, EBBSCO, Emerald, Science Direct, Google Scholar), we have identified that American and British brands have received limited researcher attention. Given their sheer number, it is perhaps to be expected that French luxury businesses have received the most coverage, (we could find consideration of 26) followed by Italian, (14) Japanese, (8) Swiss, (7), Chinese (7) and then Flemish/Belgian luxury brands (4). American (4) and then British luxury (3) brands follow on this list.

4 An American and British Luxury Fashion and Accessory Brand Database

Within this context, the remainder of this chapter will propose a contribution to the understanding of luxury fashion brands and it will seek to do so in two ways. Firstly, it will delineate five dimensions that we believe define American and British luxury fashion and accessory brands. Secondly, derived from a comparison of these dimensions with those of French luxury brands, we will identify whether and how American and British luxury brands are distinctive and different from the luxury fashion brand mainstream.

Evidence for this study is derived and developed from an extensive database of American and British luxury fashion and accessory brands. Brands were identified for inclusion on their membership of national luxury lead bodies, established industry membership lists (such as from the Council of American Fashion Designers and the British Fashion Council), and from lists provided by leading luxury analyst firms. To be included in the database, they had to be under American or British ownership and with their head quarters within either market.

The database that we established was comprised of 40 American and 36 British brands. Database content was constructed from a variety of sources, including internal corporate documentation, company annual reports, investor reviews and corporate PR/marketing materials. As part of the database access agreement between the researchers and two of the analyst firms (one based in London, the other in New York), it was a requirement that identifying details of the brands on the list would not be disclosed in the publication process. There were two reasons for this non-disclosure requirement. Firstly, the company lists had been developed for commercial reasons; specifically to advise and direct prospective investors of new opportunities within the luxury sector. Secondly, some of the

Table 4.2 Details of the executive interviews

Country of origin	*Location of interview*	*Date*	*Role in company*	*Product/market segment*
Britain	London	9/12/15	Founder	Hat maker
Britain	London	9/12/15	CEO	Fashion/accessories
Britain	Edinburgh	11/12/15	Founder	Cashmere accessories
Britain	London	12/12/15	CEO	Leather goods
America	New York	19/4/16	Founder	Lingerie
America	New York	19/4/16	CMO	Leather goods
America	New York	20/4/16	Founder	Sports/leisure
America	New York	20/4/16	CEO	Womenswear
America	New York	21/4/16	CMO	Stationery
America	New York	22/4/16	Founder	Athleisure
America	New York	22/4/16	Founder	Athleisure
Britain	London	26/4/16	Owner	Fashion/accessories
Britain	London	26/4/16	Owner	Leather goods
Britain	London	27/4/16	Founder	Country pursuits
Britain	South Wales	29/4/16	Founder	Accessories
Britain	Manchester	3/5/16	Owner	Leather goods
America	San Francisco	10/5/16	Founder	Sports/performance
America	San Francisco	10/5/16	Owner	Outerwear
America	Los Angeles	12/5/16	Founder	Childrens clothing
America	Los Angeles	13/5/16	CMO	Sports
America	Chicago	16/5/16	Founder	Leathergoods
America	New York	18/5/16	CMO	Sportshoes
America	New York	18/5/16	Owner	Menswear only
Britain	North East	22/5/16	Founder	Outerwear

companies were in the process of securing external funding and or were in the process of being acquired and so were subject to market non-disclosure orders.

When possible, the data were supplemented, verified and supported by executive interviews with senior management representatives from 24 of these luxury companies. For reasons of commercial sensitivity, the identities of the various participants will not be disclosed here.

Table 4.2, while careful to maintain anonymity, provides details of the 24 luxury brands that were interviewed as part of the study. It is important to note that in most cases it was the founder of the luxury brand that was interviewed, who was often accompanied by a family member, principal investor and/or the person responsible for the day-to-day management of the brand.

4.1 The Five Dimensions of American/British Luxury

From a careful analysis of the organizational characteristics, the brand strategies and the business models of the 76 American and British luxury brands, we are able to identify five dimensions that clearly defined and connect this luxury brand set.

1. Entrepreneurial Luxury
2. Tech Transfer
3. Multi-channel, digitally advanced
4. Casual luxury: athleisure, sport and country
5. Product specialization and accessible luxury.

Entrepreneurial Luxury

Clearly, particularly within a British market context, there is a small number of luxury fashion and accessory brands that have been long established, some for many decades, and for a small few, for more than a century. However, in most cases, these longer-established businesses are no longer British or American owned and their Head Offices are no longer located in the originating markets. There are some important exceptions, however.

These exceptions constitute an elite group of globally-recognized British and American brands that include Ralph Lauren, Burberry, Coach, Calvin Klein, Michael Kors and Tommy Hilfiger. This group sits separately from their respective national peers and they do so not just for reasons of their longevity. Each has shifted from private individual ownership, to a stock-market listing. Some others, such as Calvin Klein and Tommy Hilfiger, have been acquired to be part of the larger PVH conglomerate (PVH 2016, http://www.pvh.com/). Conglomerate ownership, is, however, atypical within both national markets and, in fact, there is no British-owned luxury conglomerate.

An analysis of the founding characteristics of the luxury fashion and accessory companies included in our British and American database, identifies four important features. Firstly, we note that the majority (47), have been established for less than thirty years. Secondly, of these 47 companies, 41 of them were created by women. Thirdly, these companies tend to remain in private ownership—typically that of the brand founder. Finally, financial support for the establishment of the brand was provided by personal means or from known-investors. Some 7 of the 47 had reverted to professional private equity investors for initial set-up and development funding.

Beyond these defining features of this new generation of luxury brands, the research also identified some further distinctions. Looking at the longest-established luxury fashion and accessories brands, these were all found to be manufacturers or product makers, with specialisms in areas such as tailoring, leatherwork or knitting. Each had subsequently developed and evolved into firstly a luxury product maker for other businesses and then a luxury business and brand in their own right.

In contrast, only 5 of the 47 "new generation" of luxury business had a manufacturing background or capability. Instead, while some in this group had skills in design and product development, the majority (29/42) has no design or manufacturing experience or direct capability. Instead, these brand founders had prior experience in business (in such functions as marketing, retailing and finance) or had diverted from a different career path entirely. Drawing from the secondary source materials (such as media interviews and internal communications/promotional materials), this group of luxury brand founders described themselves to entrepreneurs, innovators, market disruptors and agitators.

In terms of explaining their reasons for establishing a new luxury brand, these were explained in relation to three important factors. Firstly and significantly (and perhaps linked to the fact that the majority of the new business founders were women), an important reason was the desire to seize the growth opportunities associated with the increase in the female luxury goods market. Proposing that British (and to a lesser extent), American luxury brands had traditionally been created and developed in order to satisfy the luxury interests and needs of male consumers, and as such, had remained largely focused upon men's luxury product categories (such as tailoring, shoes and ties and accessories), the new generation of luxury fashion entrepreneurs identified that women, not only had become the principal driver of luxury fashion and accessories brand consumption), their requirements from luxury brand providers were distinctly different from those of men. It is beyond the scope of this discussion to delineate the nature of these differences, but it is possible to identify that these differences were related to the "fashionability" of products, as well as an interest in luxury product categories extending beyond formal wearing settings to include areas such as lingerie, casualwear and non-precious jewellery.

The emergence of new and engaged female luxury consumers provided new and significant market opportunities that their new venture could perhaps profitably exploit. As women themselves, this group has gone on record to claim that they had a clear sensibility with respect to the needs and interests of female luxury consumers. Regardless of the accuracy of their claims, it is certainly clear that the entrepreneurial instincts of this new generation of luxury business innovator appears to be different from their more traditional predecessors.

This market-insight, consumer-led view of luxury brand business development was, they argued, distinctly different from that of traditional luxury brands, which instead tended to be derived from an internal, manufacturing capability-led view and assessment of market opportunity.

Ease of market access and the removal of significant market entry barriers through the advent and advances in digital selling technologies was identified as the second important motivation for the development of a new luxury fashion and accessories brand. Executives who were interviewed in the study recognized that the traditional, retail stores and wholesale model for luxury brand distribution had served as a major market entry barrier for new brands. However, the progress of digital distribution now made it possible for luxury aspirants to globally communicate, sell and build brand loyalty much more cheaply and effectively.

The third reason for establishing a luxury business was inextricably linked to the first two that have dimensions identified here. The increase in demand for luxury fashion and accessory brands, coupled with the significant reduction in market entry barriers, now made it possible for entrepreneurs to secure significant financial returns from the sector, at modest risk and with manageable investment requirements.

As has been identified earlier, qualitative research was also undertaken in order to support the development of this study. When asked to explain their perspective on the differences between the established and new generation of American and British luxury fashion brands, one managing director for a luxury brand that was first established before 1920 made the following observation:

> *The new generation of luxury brands begin from the starting point of identifying a market opportunity; normally an opportunity to generate significant revenue. It is much more about being opportunistic. They then build a brand first in order*

to meet that demand. Whereas, for the longer established brands, just like us, we started with expertise in making, in producing and through time, we built a business and finally a brand.

From the perspective of the new generation of luxury fashion brands, the chairman of one British business that was established in 1990, stated:

> *The newer luxury brands are much more likely to find their roots in the imagination of an entrepreneur who begins with a brand idea, but has little or no assets in the form of product creation and production. The difference is significant* and to our mind is either about being entrepreneur-led or production led.

Tech Transfer

Arguably, every generation of new businesses seeks to take advantage of technological innovation. The application afforded by new technological advances may serve to reduce particular resource requirements, eliminate certain accrued costs or create new opportunities in product and/or service delivery. This new generation of luxury entrepreneurs is no different then in terms of the general application of that principle.

However, where they do appear to be different is with respect to the starting point for their technological innovation. Traditionally, innovation in the British and American luxury goods sectors emanated, first and foremost, from an intimate understanding of the product development, creation and distribution processes. These were typically established luxury business owners or managers who identified some weakness or flaw in the luxury supply chain and they sought to apply technological advances to either mitigate or resolve the problem that they faced.

In contrast, our study found that the new generation of luxury innovator had a very different starting point. Typically, they had some knowledge of (and in some instances, significant expertise in) the use and value of a particular technology but within a different business sector. Their idea, and subsequently their motivation, was to find an application for the particular technology within the luxury sphere. Consequently, only a very few were motivated to utilize a new technology in order to resolve an existent luxury supply chain problem or issue.

Instead, their motivation was to identify routes and methodologies whereby technological capabilities could be transferred to the luxury fashion sector in ways that would create new business opportunities where none have previously existed to any significant extent.

Three types of tech transfer were identified and these transfers typically served as the foundation upon which a new luxury venture was created and developed.

The first related to the transfer of materials technology innovations from non-luxury product areas into both traditional and newly developed luxury product categories. Through the adoption of lateral-thinking methods, some of the new luxury pioneers had identified possible applications for technology innovations from such diverse areas as automotive design, professional-grade performance sportswear and the military within the luxury sphere. As such some of this new generation of British and Luxury brand founders believed that they could both disrupt and enhance the luxury sector through the use of technology in order to make luxury brands more, interesting, usefully relevant and attractive to a new and discerning consumer category.

Our study identified that tech-transfer opportunities had served as the primary motivation for establishing a luxury brand for many of the luxury entrepreneurs that we have previously identified. The range of tech-transfer innovations varied in terms of the degree of their complexity and the level of their creative innovation. This list is not exhaustive but in order to illustrate, our study found developments such as the application of UVA technologies to swimwear in order to protect wearers from sun damage and the integration of temperature-controlling fabrics and LED technologies to couture gowns. Fitness monitoring, achieved through the application of wearable technologies integrated into accessories and garments, was the most frequent but perhaps the more predictable development.

While it may seem that the key advances in wearable technology have been restricted to mass-market American brands, such as Levi's with their Project Jacquard collaboration with Google (Arthur 2016), British and American luxury brands entrepreneurs have also brought innovation to the clothing market. For example, British luxury brand EMEL + ARIS has sought to create luxury life-enhancing "wearable technology" through their development of outerwear that incorporates a lightweight polymer that acts as an intelligent heat-warming technology for their garments. As a further example, in November 2015 the luxury London department store Selfridges commissioned British luxury start-up The Unseen to develop a line of luxury accessories that change in colour in response to environmental factors such as air pressure, body temperature change and sunlight strength.

The second type of tech transfer that served to underpin new brand development was in the area of customization and personalization. While it was acknowledged that these forms of adaptations have long been available within the luxury sector, the extent of their accessibility is limited to higher end of the luxury market. Consequently, leaders from some of the new generation of luxury brands explained how they had been motivated to integrate high levels of customization and standardization to a wider cross-section of the luxury fashion and accessories sector.

In some instances, the technology capability that was transferred originated from the jeans and sportswear sectors. And so, some of the brands included in our study had built a luxury business upon the development of high-end jeans customization, as manifest by the ability to select and determine personal cut, fabric and colour choice. Likewise, some had transferred technologies used within the sports and performance shoes sector to allow for personal selection and input for the design and creation of luxury footwear.

Multi-Channel, Digitally Advanced

Reflecting the opportunistic and entrepreneurial spirit of the new luxury brands, a refocusing upon channel emerged as a distinguishing feature across the sample. Digital, both as a distribution means and a communication/brand building strategy (Prabhakar 2010) emerged as highly significant. Recognizing the high costs of the traditional routes to market, in particular store-based retailing (Moore et al. 2010; Chevalier and Gutsatz 2012), coupled with access challenges to the established multi-brand retailers, these entrepreneurs have utilized more cost-effective (and less geographically bound) approaches to channel selection and management. Additional benefits, beyond cost, were identified as retention of control and the ability to reach a more forward-thinking customer-seeking newness rather than the establishment. Importantly, this approach enables critical mass leading to brand recognition and acceptance, which may lead, in turn, to adoption by some channel gatekeepers. Contributors also stressed the importance of pure-play pioneers such as British originated Net-a-Porter with respect to the digital commercialization of luxury fashion retailing.

Within this consideration, the majority of these brands identified themselves as digitally advanced and in so being, were in alignment with their prospective consumers for whom the idea of consuming luxury through digital channels was viewed as an extension of their natural consumption patterns rather than a behaviour adjustment. The extended reach allowed these entrepreneurs and their brands to engage with consumers on the basis of three key features. Firstly, they recognized the fundamental desire for luxury products and experiences coupled with an ability to pay for it. Secondly, they mapped out and tapped into a shift in key consumption and search behaviours that characterizes and unifies this group, but which may be disparate in other characteristics. Finally, they recognized that in the context of luxury fashion, the construct of the *cognoscento* holds true and that in the contemporary marketplace there remain consumers who seek to differentiate themselves through the early identification and adoption of new brands, new products, new experiences and new channels. Thus, this group of entrepreneurs capitalized upon the spaces in the market that opened up through the intensified availability of the established brands.

Moreover, for a significant number of American and British brands, digital represents an integral component of the luxury experience and is presented as part of the overall consumption package. For some brands, this is manifest in their store and service strategies and in essence serves to elevate the brand. For others, and in particular nascent brands, digital strategies can not only introduce the brand and its products to the consumer but be used as a means of elevating the consumer through, for example, 'tutorials'.

While retention of distribution, message and product control was recognized as a particular benefit of multi-channel and digital advancement, it was acknowledged that ownership and management of the platforms themselves was not, in all cases, essential. New brands highlighted the advantages of using 'marketplace' platforms that through their breadth of offer and product refresh rates, provided consumers with single site/single platform motivation. This was described by one entrepreneur as 'the power of more". The view was that, where greater expertise exists elsewhere there is value in leveraging it.

Casual Luxury: Athleisure, Sport and Country

Forbes (2015) highlighted the emergence of athleisure as a key trend within the fashion sectors driven by a combination of fitness consciousness consumers and comfort driven consumers, with the *New York Times* (25 March 2016) suggesting that this market is worth an approximate $97 billion. Athleisure represents a 'crossover' category aimed at satisfying the need for high-quality, refined and aesthetically strong sportswear coupled with a desire for smart, comfortable, casualwear. The conceptual flexibility of this category is reflected in not only its styling but also through the development and use of high-end, luxury fibres and fabrics more commonly associated with the luxury fashion sector (for example, technical cashmere).

Casual luxury, within the context of the American and British luxury, may be considered a dichotomous concept with American brands drawing strongly upon a heritage of sportswear (evidenced not least in their advertising campaigns) and British brands drawing strongly upon a heritage of country living. This reflects Kapferer and Bastien's (2009) emphasis on the importance of geographical roots and the importance of heritage (Fionda and Moore 2009). While, this may be an oversimplification in the context of contemporary lives, there is an underlying credibility and indeed the transference of an aristocratic aesthetic and aspiration is a feature of the influence of British luxury and in particular British tailoring upon the American luxury fashion sector.

Reference has already been made in this chapter to the gender shifts with respect to the providers and customers of luxury with women leveraging significantly more influence in both categories. This has, in the context of British brands resulted in a reconsideration of the importance of tailoring for work and for 'play' and while men's tailoring remains an important feature of the British luxury proposition, a softening of dress code expectations in the workplace has resulted in opportunities for brands to explore what may be considered acceptable for both men and women. British and American luxury brands, demonstrating entrepreneurial flair and market awareness, have capitalized upon this shift and have evolved an offer that could be described as less event-led and more everyday than their French counterparts.

We also see, especially with respect to younger consumers, a greater emphasis upon non-work-related and/or outdoor experiences and this requires and appropriate clothing. Indicative of this movement in the UK, for example, is the rapid growth of urban and extra-urban cycling. Bloomberg (2015) highlighted the growth of cycling in London and linked to this, the growth in independent, artisan bicycle builders making bespoke bikes with prices rising to circa £10,000. Interestingly, while the growth in consumption and creation continues, Ricca and Robbins (2012) proposition that rarity is a key pillar of luxury, supply cannot yet meet the demand.

This is but one example of the emergence of sport, fitness and well-being as a luxury pursuit. Commensurate with this, we see also a demand for luxury sportswear and outdoor pursuit clothing that delivers something beyond the basic, where looking good becomes an extension of feeling good. What should also be recognized, in the case of cycling, is that many of the journeys made by bike in cities are commuter journeys and the demand for clothing that works both on and off the bike becomes evident. This may be an extension of a wider phenomenon as more young aspirants pursue careers outside of the established professions and, consequently, the formal approach to business dressing is gradually eroded. The merger between comfort and style become increasingly important to the extent that trainers (or sneakers) are considered appropriate footwear in the workplace. One luxury entrepreneur identified this as “a ready willingness to optimize the zeitgeist of the moment and to recognize niche luxury opportunities”.

Athleisure, casual and outdoor luxury fashion has seen the emergence of a number of dedicated brands, most significantly in the USA, as well as the establishment of range extensions within established brands. One characteristic of these extensions is that they tend to offer a more accessible entry point to luxury fashion, sitting a price points lower than the core range. Associated with them also is greater user convenience derived from strong functional performance. This reflects, in particular, a trait of American luxury in its willingness to extend its customer reach hierarchy and athleisure may be seen as a means of attracting younger customers (*New York Times* 2016). This will be discussed in more detail in the following section.

Product Specialization and Accessible Luxury

Our research has identified that the new generation of British and American luxury fashion brands have diverted significantly from their predecessors in terms of their approach to product development and range management. Previously, American brands in particular, quickly sought to extend their range coverage to incorporate a wide and diverse range of goods and services, often at a rapid pace. Often achieved through the adoption of product licensing agreements, they would seek to work with external partners in order to extend their range across multiple product categories, and especially perfumes, small leather goods and sunglasses. Furthermore, they would develop a range of sub and diffusion brands that would ensure maximum market coverage and an extensive range of revenue channels.

In contrast, our study has identified that this generation of businesses, has tended to focus upon a specific product type or category and has, thereafter, tended to remain focused upon that category through time. Two reasons for remaining focused were identified. Firstly, a particular product or category focus was believed to be a powerful means of indicating expertise credibility, quality and dependability. Features which are inevitably essential for a newly established, and perhaps lesser-known luxury brand.

Secondly, because so many of the new generation of luxury companies reply significantly upon digital selling channels, a highly focused product or category offering significantly enabled "cut-through" in terms of securing brand identification, recognition and then purchase. This is best illustrated in the observation of a managing director of one such company that participated in our study:

> *As a digitally reliant business, we do not have the luxury of a shop window to tell our story. Instead, we need to tell our story efficiently and effectively through a focus upon one product category. The essence of success is to be known for something. To be famous for selling one product category. For that reason we have strictly controlled our exposure. We have focused our intent to excelling in one area – shoes.*

It was interesting to note that a number of the American research participants were of the view that there was an established tradition that luxury brands from the USA were much less elitist than their French counterparts in terms of product type, situational use and pricing levels.

In contrast, the tradition of British luxury brands has been much more elitist in terms of accessibility and consumer group connection. Typically, these brands have been more readily associated with specific ways of life—such as those associated with royal and aristocratic living. Their product coverage has tended to match the lifestyle needs and interests of a privileged few.

Looking more broadly and beyond these established traditions, an analysis of the market positioning and product category participation levels of British and American brands, it becomes clear that there is a willingness to adopt an accessible luxury positioning.

The desire to adopt an accessible luxury brand positioning was explained in terms of three dimensions. The first was philosophical in nature and was relevant to the very nature and scope of luxury itself. Based upon the views expressed by participants in our study, a majority (especially those that had been launched in the past twenty years), were of the view that elitist and inaccessible luxury was incompatible with contemporary consumer thinking. Advances in technology made global knowledge of a luxury brand both more possible and available. This is best reflected in the comment of the founder of a British luxury accessories brand.

Of course, personal economics means that luxury brands and products can never be made available for everyone to consume. But is also feels immoral and unacceptable to deliberately make a brand completely inaccessible to only a very privileged few. We feel that we are compelled to make our products accessible to a discerning but not necessarily, a very rich, consumer.

Secondly, it was recognized that an elite positioning would inevitably restrict the degree to which younger consumers could readily engage and consume the brand. Rejecting the view that an accessible propositioning would dilute the allure and credibility of the brands' luxury position, this formula was believed to offer more lucrative income streams.

Thirdly (and perhaps most tellingly), there was also the view that an elite, inaccessible price positioning was not credible from a product true-value perspective. Recognizing that their luxury brands' products did not necessarily utilize ultra-superior raw materials, nor were the processes associated with the development and manufacture of their products consistently complex or especially unusual, many argued that it was not credible to maintain an ultra high price proposition. One explanation provided by a research participant with respect to this latter point is provided below:

We are not like Cartier. We don't use highly precious stones. That is a rare approach. Our form of luxury is concerned with enabling as many people as possible to enjoy our brand and to do so because we make it within reach to them. Our materials are good. But not so expensive, that it limits the opportunities of people who want them.

5 Final Thoughts

The purpose of this study and the sharing of the result is not to formulate abstracted and theoretical accounts of the business models of American and British luxury fashion and accessory brands. Much rather, the intended value and purpose was to shift the debate away from a fixed focus upon French brands and to instead offer a wider perspective upon developments within the global luxury fashion sector.

We believe that there are three important insights about luxury fashion that arise as a result of this study. Firstly, we recognize the transformative effect of digital technology that has enabled the participation of new, smaller-scale participants to credibly operate within the sector. Secondly, we note that luxury has become an area that increasingly attracts the energy and the investment of entrepreneurs. Thirdly, and perhaps most significantly, British and American luxury fashion brands offer a differentiated and more expansive view of just what luxury fashion currently means and what it possibly could be in the future. By comparison, it may be argued that the French luxury brands, for example, within a more tradition bound and regimented system. Furthermore, the lack of conglomeration as a strategic response of (from a parent perspective) has necessitated a differing approach to luxury brand generation and competition.

References

Arthur, R. (2016). *Project Jacquard: Google and Levi's launch the first 'smart' Jean Jacket for urban cyclists* (online): www.Forbes.com. Accessed 20 May 2016.

Bain. (2016). *The global personal luxury goods market in 2016* (online): http://www.bain.com/about/press/press-releases/spring-luxury-update-2016.aspx. Accessed 16 June 2016.

Bloomberg. (2015, November 6). *Meet the next generation of Artisan bike builders.* https://www.bloomberg.com/news/features/2015-11-06/london-cycling-boom-renews-demand-for-artisan-bike-builders. Accessed 17 June 2016.

Chevalier, M., & Gutsatz, M. (2012). *Luxury retail management.* Chichester: Wiley.

Deloitte. (2014). *Fashion and luxury. Inspired insights, crafted results* (online): https://www2.com/content/dam/Deloitte/it/Documents/about-deloitte/GP_Luxury_2014.pdf. Accessed 10 June 2016.

Djelic, M-L., & Ainamo, A. (1999, Sept–Oct). The coevolution of new organisational forms in the fashion industry: A historical and comparative study of France, Italy and the United States. *Organisational Science, 10*(5, Focused Issue: Coevolution of Strategy and New Organisational Forms), 622–637.

Doyle, S. A., & Moore, C. M. (2015, August 3–7). *The evolution of the luxury fashion brand 1970–2010*, The XVIIth world economic history congress. Diversity in Development, Kyoto, Japan.

Fionda, A. M., & Moore, C. M. (2009). The anatomy of the luxury fashion brand. *Journal of Brand Management, 16*, 347–363.

Forbes. (2015, September 16). *Lululemon, Nike and the rise of Athleisure* (online): https://www.forbes.com/sites/gregpetro/2015/09/16/lululemon-nike-and-the-rise-of-athleisure/#1cf9e80137c8. Accessed 28 May 2016.

Forbes. (2016). *Donald trump and the 'made in America' supply chain* (online): https://www.forbes.com/sites/stevebanker/2016/12/01/donald-trump-and-the-made-in-america-supply-chain/#511b78965f9b. Accessed 6 Dec 2016.

Gilley, K. M., & Rasheed, A. (2000). Making more by doing less: An analysis of outsourcing and its effects on firm performance. *Journal of Management, 26*(4), 763–790.

Goold, M., Campbell, A., & Alexander, M. (1995). *Corporate level strategy: Creating value in the multibusiness company*. New York: Wiley.

Kapferer, J. N., & Bastien, V. (2009). *The luxury strategy*. London: Kogan Page.

Moore, C. M., & Birtwistle, G. (2006). The nature of parenting advantage in luxury fashion retailing – The case of Gucci group NV. *International Journal of Retail and Distribution Management, 33*(4), 256–270.

Moore, M. C., Doherty, A. M., & Doyle, S. A. (2010). Flagship stores as a market entry method: The perspective of luxury fashion retailing. *European Journal of Marketing, 44*(1/2), 139–161.

Prabhakar, H. (2010). How the fashion industry is embracing social media. *Mashable* (online): http://mashable.com/2010/02/13/fashion-industry-social-media/#idszeAPA15qi. Accessed 16 Oct 2016.

PVH. http://www.pvh.com/. Accessed 22 Apr 2016.

Ralph Lauren Corporation. (2016). *Annual report* (online): http://investor.ralphlauren.com/phoenix.zhtml?c=65933&p=irol-irhome. Accessed 14 Apr 2014.

Ricca, M., & Robins, R. (2012). *Meta-luxury*. Basingstoke: Palgrave Macmillan.

The New York Times. (2016, March 25). Products and competition stretch market for ‘athleisure’ clothing.

Walpole. (2015). *British luxury industry worth £32 billion to UK economy* (online): www.walpole.co.uk. Accessed 10 May 2016.

Walpole. (2016). *Luxury summit 2016: The Americas* London: BAFTA.